

## Message Text

CONFIDENTIAL

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ACTION ARA-10

INFO OCT-01 ISO-00 EB-07 IGA-01 SS-15 SP-02 L-02 /038 W

----- 009729

R 051518Z APR 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 5067

C O N F I D E N T I A L QUITO 2317

STADIS

FOR ASSISTANT SECRETARY ROGERS FROM AMBASSAODR

E.O. 11652: GDS

TAGS: EFIN, EAID, EC

SUBJ: TRANSITION LOAN TO ECUADOR

REF: A. STATE 071940; B. MEMCON OF JAN 13, 1975 AMONG ASST  
SECY ROGERS, DEP ADM MURPHY, MESSRS. KLEINE, WEBEN AND  
AMB BREWSTER

1. YOU MAY NOT HAVE BEEN AWARE OF REF A, AN AIDAC FROM LEINE  
TO USAID/E MISSION DIRECTOR CODY, WHICH INSTRUCTED THE LATTER  
TO "TAKE NO REPEAT NO FURTHER STEPS WITH GOE WITH REGARD TO  
SUBJECT LOAN PROPOSAL." WHILE I UNDERSTAND AID'S RELUCTANCE TO  
NOTIFY THE CONGRESS OF THE PROPOSED LOAN AT THIS TIME, I BELIEVE  
TO STOP ALL WORK ON THE PROPOSED LOAN IS UNJUSTIFIED.

2. THIS LAST AID LOAN TO ECUADOR IS AS MUCH IN OUR INTEREST  
AS IN ECUADOR'S. WE HAVE BEEN GRANTING ASSISTANCE TO ECUADOR'S  
ECONOMIC AND SOCIAL DEVELOPMENT SINCE 1942 BECAUSE SUCH  
DEVELOPMENT HAS BEEN DETERMINED TO BE IN OUR OWN INTEREST.  
THIS LAST MODEST EFFORT SUBSTITUTES A LOAN FOR PREVIOUS  
GRANT TECHNICAL ASSISTANCE FOR A SHORT PERIOD SO AS TO  
ALLOW EITHER AN ORDERLY PHASE-OUT OF ON-GOING PROGRAMS OR  
TO ENCOURAGE THE GOE TO CONTINUE THE PROGRAMS LATER WITH  
THEIR OWN FUNDS.

3. I MADE THE PROPOSAL TO PRESIDENT RODRIGUEZ LARA IN  
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DECEMBER, 1974. IN ADDITION, THE DCM, THE AID DIRECTOR

AND I, ACTING UNDER INSTRUCTIONS, HAVE ALSO INFORMED THE MINISTERS OF FOREIGN RELATIONS, FINANCE, AGRICULTURE, HEALTH, AND EDUCATION, AND THE HEAD OF THE NATIONAL PLANNING BOARD, OF THE PROPOSED LOAN. WE DO NOT YET KNOW THAT THE GOE WILL ACCEPT IT. YET WE ALL KNOW THAT A PROPOSAL TO A PRESIDENT CARRIES WITH IT AN IMPLIED COMMITMENT. WHEN AID/W EARLIER SEEMED TO BE BACKPEDALING ON THIS ISSUE PRIOR TO THE SEIZURES OF FISHING BOATS, THE MATTER WAS QUICKLY PUT BACK ON THE TRACKS WHEN WE MET WITH JOHNNY MURPHY (SEE REF B). I DO NOT BELIEVE IT MAKES POLITICAL SENSE TO RENEGE NOW. IF WE DO, IT WILL APPEAR--ONCE AGAIN-- TO BE THE KIND OF POLITICAL ACT OF COERCION THAT HAS NEVER PROSPERED IN ECUADOR AND WILL NOT DO SO AT THIS TIME. WE NOT ONLY WANT TO SEE THE ORDERLY CONTINUATION OF SUCCESSFUL PROGRAMS HERE, BUT WE WANT ECUADOR'S SUPPORT ON VARIOUS ISSUES--OR AT LEAST NOT ITS ACTIVE OPPOSITION.

4. WE MUST CONTINUE WITH THE WORKING LEVEL CONTACTS ALREADY ESTABLISHED IF WE ARE NOT GOING TO IMPLICITLY INFORM THE GOE, BY BREAKING OFF CONTACTS, THAT WE ARE IMPOSING ANOTHER SANCTION. USAID INTERNAL INACTIONS ARE CERTAINLY NOTED BY THE ECUADOREAN STAFF AND FROM THEM MADE KNOWN TO THE GOE.

5. FINALLY, I FIND IT LESS THAN CREDIBLE THAT A THREE

MILLION DOLLAR LOAN WILL SO UPSET AID PROGRAMMING OF THE FY 1975 APPROPRIATION (PARA 2, REF A) THAT THIS LAST COMMITMENT TO ECUADOR NEED BE ABANDONED, ESPECIALLY SINCE WE WILL BE DE-OBLIGATING NEARLY TWO MILLION DOLLARS THIS YEAR.

6. I THEREFORE REQUEST THAT THE RESTRICTION BE LIFTED TO PERMIT THE USAID TO CONTINUE, ON THE TECHNICAL LEVEL, STEPS WITH THE GOE PENDING FINAL DECISION ON THE 620(0) REVIEW. IF THE DECISION LATER IS NEGATIVE, I SUGGEST WE TAKE THE LUMPS LATER RATHER THAN NOW BEFORE THE UPCOMING OASGA. BREWSTER

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** LOANS, FOREIGN ASSISTANCE, FOREIGN POLICY POSITION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 05 APR 1975  
**Decaption Date:** 28 MAY 2004  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** greeneet  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975QUITO02317  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750118-1084  
**From:** QUITO  
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**Line Count:** 98  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** STADIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** STADIS  
**Reference:** 75 STATE 071940, 75 MEMCON OF JAN 13, 75 1975  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** greeneet  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 01 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <01 MAY 2003 by GarlanWA>; APPROVED <19 DEC 2003 by greeneet>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** TRANSITION LOAN TO ECUADOR  
**TAGS:** EFIN, EAID, EC, US  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006